UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/RAB/3
18 April 1994

ORIGINAL: ENGLISH

Second regular session 1994
10-13 May 1994, New York
Item 5 of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

THIRD INTERCOUNTRY PROGRAMME FOR THE ARAB STATES

Programme period	Resources	$
1994-1996	Net IPF	23 267 000
	Estimated cost-sharing	8 800 000
	Total	32 067 000

CONTENTS

		Paragraphs	Page
I.	DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES	1 - 16	2
	A. Current socio-economic situation	1 - 11	2
	B. National development objectives and strategies ...	12 - 16	4
II.	EXTERNAL COOPERATION	17 - 21	5
	A. Role of external cooperation	17 - 18	5
	B. Aid coordination arrangements	19 - 21	5
III.	THE INTERCOUNTRY PROGRAMME	22 - 72	6
	A. Assessment of ongoing intercountry programme	22 - 28	6
	B. Proposals for UNDP cooperation	29 - 59	8
	C. Assistance outside the selected areas of concentration	60 - 64	15
	D. Implementation and management arrangements	65 - 72	16

Annexes

I.	Financial summary	18
II.	Programme matrix	20

94-18373 (E) 020594 04/05/94

/...

I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. The Arab region is a region of extremes and includes countries classified among the poorest in the world and others among the richest in terms of per capita income. In the middle lies the bulk of the region, comprising 12 countries, including such minor oil-exporting countries as Egypt, the Syrian Arab Republic, Tunisia and Yemen. In the past two decades, a number of Arab countries enjoyed relative calm and stability conducive to development, while others endured social tension, civil war and regional conflict. Economic performance in the Arab region over the last decade has been of mixed nature and generally below expectations.

2. Overall, the region is suffering from a severe slow-down in economic growth. The growth in the gross national product (GNP) during the 1980s was only 1.7 per cent per annum compared to 4.7 per cent in the developing world. While there has been remarkable improvement in the standard of living, health and education in recent years, over 40 million persons still live below the poverty line, and over 60 million are illiterate and infant mortality rates are still high. Moreover, the gap between the richest and the poorest countries, as well as within each country, has widened.

3. The population of the Arab region in 1990 constituted 4.2 per cent of the world total. The Arab gross domestic product (GDP), on the other hand, was only 2.1 per cent of the world total, which shows that the average Arab per capita income is only 50 per cent of the world average. In essence, Arab countries became poorer in the late 1980s and early 1990s. In 1990, for example, Arab per capita income was only 76 per cent of its 1980 level.

4. The per capita averages conceal great disparities among the countries of the region. In 1990, the per capita income of the least developed Arab countries remained in the range of $400 to $500, while that of the more developed non-oil-exporting countries was in the range of $900 to $1,200. The average for oil-exporting countries was close to $5,000, with Algeria at a low of $2,200 and the United Arab Emirates at a high of $18,000.

5. During the latter part of the 1970s and early 1980s, the structure of Arab GDP was dominated by revenues from gas and oil. By the mid-1980s revenues from agriculture and manufacturing increased, especially in the oil-exporting countries. In 1990, the value added by both agriculture and manufacturing was double the level of 1980 and the share of agriculture in Arab GDP changed from 6 per cent in 1980 to 12 per cent in 1990, while that of manufacturing grew from 6 per cent to 11 per cent for the same two years.

6. Trade activities in the Arab region were greatly influenced by activities in other sectors. Oil, for example, continued to dominate the structure of exports throughout the 1980s, while capital goods, machinery and transport equipment, household consumer goods and food commodities remained the major imports. In 1980, exports reached a record high of $224 billion, but decreased sharply with the fall in the price of oil. Imports, on the other hand,

fluctuated less than exports and ranged from a low of $83 billion in 1987 to a high of $140 billion in 1982. Intra-Arab trade remained around 8 per cent of total Arab trade. The main constraints for such a weak intra-Arab trade were: a low base of commodities available for trade; tariff and non-tariff barriers; government controls, and inadequate trade policies and trade financing.

7. Oil and gas continued to dominate as sources of energy consumed and averaged 96 per cent of the total sources used in the region. The pattern of energy consumption continues to be highest in the transport sector and for household use, with low consumption in the agricultural and industrial sectors. Most Arab countries continue to suffer from deficiencies in power production, distribution and utilization and in energy management.

8. The external debt of net borrowing Arab countries increased during the 1980s at an average of 9 per cent per year and peaked in 1939 at $158 billion, a figure equal to 75 per cent of GDP of the net borrowing countries. The increase in the size of the debt service came at a time when remittances of migrant labour working in the oil-exporting countries began to decrease, which compounded already rising unemployment, depreciation of exchange rates of local currencies, increasing demand for subsidized consumer goods and services, higher consumption rates incompatible with the production base and growing inefficiency in resource utilization.

9. High population growth, averaging 2.8 per cent, is a common characteristic of all Arab countries. The population is currently estimated to be around 230 million and is expected to exceed 350 million by the year 2015 - half of whom will be under the age of 20. The largest populations are in those countries that have the fewest means to ensure sustainable development by providing enough food, water, health care, education and sufficient work opportunities. Fresh water consumption accounts for 68 per cent of water resources compared to 16 per cent in developing countries. Energy consumption per capita is equivalent to 1,202 kilograms of oil, twice the amount used in developing countries. Moreover, although the Arab population represents only 4.2 per cent of the world's population, they import 13 per cent of the food exchanged on world markets, including 20 per cent of the cereals. In all Arab countries, however, meeting basic needs of the growing population will continue to burden national economies. To emerge from this vicious cycle, it is essential to invest in people's abilities and capabilities, thereby addressing the disparities in human development within and between countries of the region.

10. During the last three decades, the region made significant progress, despite the disparities within and between countries. In fact, changes in the Arab region have taken place faster than in the rest of the world. By 1990, the Arab region, which had started from a lower base compared to all developing countries in basic human development indicators, not only caught up with the rest, but surpassed them considerably. This has been the case in life expectancy, infant mortality, access to safe water, higher education, daily per capita calorie supply and real GDP per capita. The performance of the region in literacy, combined primary and secondary enrolment, human rights and people's participation in public affairs has been encouraging but needs to be solidified, expanded and further supported.

11. Women's participation is still limited due to tradition and social structures. However, there has been progress in integrating women in development. Life expectancy and tertiary enrolment of women is 105 per cent and 60 per cent that of men, compared to 104 per cent and 51 per cent in developing countries, respectively. The age at first marriage is 21.2 years, compared to 20.7 years in developing countries. In spite of the progress, the economic potential of women remains largely untapped and official statistics undermine their economic contribution, particularly in agriculture and the informal sector. Women constitute only 13 per cent of the labour force, 90 per cent of whom work outside the agriculture sector, as compared to 33 per cent in developing countries.

B. Development objectives and strategies

12. The Arab region faces many socio-economic challenges, ranging from a growing population and serious gaps in the levels of human development and disparities between males and females, to external debt, low industrial and agricultural output, high energy consumption, low level of intra-Arab trade, rising unemployment and inefficient use of natural resources.

13. The overriding objectives that many Arab countries are endeavouring to attain in the 1990s are: (a) poverty alleviation; (b) enhancement of the level of sustainable human development; (c) rational utilization of human and natural resources in an environmentally sustainable manner; (d) diversification of exports; (e) increasing industrial and agricultural productivity; (e) reduction of unemployment and underemployment; and (f) widening of popular participation in decision-making.

14. These objectives require the formulation of plans and programmes at the country and regional levels to achieve and sustain equitable income levels, economic and social growth and to reduce poverty. It is noteworthy that several Arab countries have embarked upon programmes and reforms aimed at addressing these challenges, such as undertaking structural adjustment programmes and applying realistic exchange rates; gradually withdrawing government subsidies for consumer goods, utilities and services; promoting exports and curtailing some imports; loosening government control on trade; expanding social services; promoting private sector investment in the productive and service sectors; privatizing public production and service companies; enhancing the role of non-governmental organizations (NGOs), women and grass-roots organizations in development; and decentralizing the decision-making process in public affairs and enhancing participation in decision-making at the national and regional levels through the creation of parliamentary bodies based on multi-party elections and a diverse news media.

15. The immediate social costs of these programmes, in terms of declining living standards, rising unemployment and falling output, need to be carefully reviewed to avoid frustration and disenchantment. Although strategies differ from one country to another, their achievement will benefit not only each country, but also the region as a whole.

16. The 1990s are viewed as the decade in which good opportunities exist for Arab regional cooperation. Several issues, such as the environment, water supply, energy, trade, transport and communications, which transcend political borders, necessitate regional cooperation. Moreover, as some of the countries of the region are small and may not be able to address these issues on their own, regional cooperation provides an essential vehicle for their development.

II. EXTERNAL COOPERATION

A. Role of external cooperation

17. Intercountry programming is one of the main comparative advantages of UNDP, which is uniquely placed to contribute to subregional and regional cooperation and dialogue on national, regional, interregional and global issues. Intercountry programmes have and should continue to provide forums for exchange of technologies and information and for embarking on joint and collaborative actions for sustainable human development using networking and multidisciplinary approaches.

18. Building national capacity for development is a key objective advocated by General Assembly resolution 44/211 of 22 December 1989 and Governing Council decision 90/34 of 23 June 1990, which cover poverty eradication; grass-roots participation in development, environmental problems and natural resource management; management development; technology for development; women in development; and technical cooperation among developing countries (TCDC). Intercountry programming has had some success in this area. At present, the implementation rate of the fifth cycle shows that about 20 per cent of the programme is being executed through national execution and intergovernmental institutions. During the 1994-1996 period, national-intergovernmental execution is expected to reach 50 per cent. This trend is being facilitated by UNDP untied aid, the network of field offices and cooperation with Arab specialized and technical agencies, some of which were beneficiaries of UNDP assistance in building their organizational, management and information network capacities.

B. Aid coordination arrangements

19. UNDP has demonstrated its ability to facilitate linkages between indigenous institutions and funding agencies, as well as with international organizations, in support of regional activities. It developed cost-effective programmes that use regional potential through TCDC and scarce resources to mobilize cost-sharing and parallel financing from institutions that do not have regional activities. Under its intercountry programmes, UNDP has assisted in the formulation of regional cooperation goals and strategies through a continuous policy dialogue with such partners as the Arab Fund for Economic and Social Development (AFESD), the League of Arab States and its specialized agencies, regional development institutions and international agencies. UNDP national programmes provide the means for linking national activities to regional priorities.

20. In practically all Arab middle-income and least developed countries, coordination mechanisms for external aid exist and procedures are in place. However, at the regional level no such arrangement exists to serve all the member countries. The financial institutions and such Arab funds as AFESD, the Arab Monetary Fund (AMF), the Arab Trade Financing Programme (ATFP), and the Arab Maghreb Union (AMU) have their own aid procedures.

21. Efforts will be made to exchange experiences on resource mobilization and aid coordination arrangements with a view to standardizing them. Through funding from Special Programme Resources (SPR), TCDC and the intercountry programme, a regional workshop for middle-income and least developed Arab countries was organized in late January 1994. The workshop drew on experiences from Africa, Europe and Latin America, as well as from middle-income and less developed countries in the Arab region, which could evolve into strategies and uniform procedures for resource mobilization and aid coordination in the future, through the TCDC modality.

III. THE INTERCOUNTRY PROGRAMME

A. Assessment of ongoing intercountry programme

22. The second intercountry programme started in 1988 (one year later than the UNDP fourth country programming cycle) and was due to cover the 1988-1992 period. In May 1992, it was extended until the end of 1993 to reflect emerging needs in energy, economic integration and trade and to design a funding strategy to compensate for the considerable reduction of the fifth cycle indicative planning figure (IPF) resources (by 35 per cent in 1990 and a further 25 per cent in 1993).

23. During the second intercountry programme, a sectoral approach to capacity-building was adopted, with a focus on three priority areas: food security, science and technology and human resources development. Other areas of concern included environment, energy, the private sector, women in development and transportation.

24. Since the approval of the second intercountry programme, monitoring has been undertaken through individual tripartite reviews or steering committee meetings, and corrective measures have been introduced where necessary. Since 1990, eight mid-term, in-depth project evaluations, two thematic reviews (one on women in development and the other on networking) and a programme evaluation have been carried out.

25. While it may be premature to assess the impact of regional projects on the socio-economic development of the participating countries, the various evaluation/assessment exercises carried out in the last few years indicate that significant progress has been achieved which needs to be expanded and consolidated. In the food security sector, for example, meaningful results were attained in improving yields, livestock production techniques, disease control in crops and fisheries statistics and in releasing new crop varieties. However, research results have yet to be translated into increased agricultural output at the national level.

26. Human resources development was pursued through training in all regional projects and sectors supported by the second intercountry programme. Specific initiatives were also launched to enhance human resources capacity in labour management, telecommunications and maritime training and the role of women and NGOs in development.

27. In the area of technology transfer, interventions were initiated in telecommunications (Modern Arab Telecommunications Network), information technology (Regional Information Technology and Software Engineering Centre (RITSEC)), and biotechnology for agricultural crop improvement (at the International Centre for Agricultural Research in the Dry Areas).

28. Important lessons have been drawn on which future intercountry programmes will build:

(a) Several projects covered all countries of the region, which sensitized Governments to the importance of regional cooperation and resulted in increased interest by member countries in hosting regional projects;

(b) The second intercountry programme enhanced networking among Arab institutions and with international institutions in crop production and protection, water supply, range management, irrigation, applied research and information technology, which will be consolidated during the third intercountry programme to ensure sustainability of results in national programmes. Networking succeeded in these instances where national and regional institutions existed, supported by strong levels of political and financial commitment for regional and subregional cooperation;

(c) The second intercountry programme used a wide range of project implementation modalities, which included agency and national/intergovernmental organizations. The use of local capacity has been substantially improved during the second intercountry programme. The appointment of coordinators and other project staff from within the region (even where projects were executed by United Nations agencies) has become the norm;

(d) In spite of the fact that regional activities were consistent with the needs of the region, the proliferation of projects in many sectors weakened the focus and impact of the programme;

(e) Cost-sharing and co-financing of projects continued to be below expectations. This was especially true of country cost-sharing. On the other hand, regional organizations like AFESD provided appreciable financial support to several projects. The contribution made by AFESD amounted to nearly 50 per cent of the total cost-sharing. In a few cases, host countries have covered the cost of regional and subregional coordinators;

(f) Linkages between country and intercountry programmes were practically non-existent. Unsynchronized planning and formulation of intercountry and national programmes may have contributed to weaknesses in linkages. In this connection, the need to decentralize project management to the Resident Representatives at field level became apparent;

(g) Sustainability and commitment are two issues that have been of great concern to the intercountry programme. Experience has shown that regional cooperation projects dealing with sectors considered a priority by a significant number of countries and hosted by regional institutions were found to be more successful and sustainable and therefore provided a solid basis for further cooperation;

(h) Strengthening the role of women in development has always been a challenge in the Arab region. Conferences and seminars helped to sensitize various groups and individuals to the importance of involving women in the decision-making process of development. The experience points to the need to introduce this issue at the project design stage;

(i) Although intercountry programming is a continuous process, projects in the first and second intercountry programmes were programmed beyond the limits of the IPF cycles. There was also substantial over-programming of fifth cycle IPF resources even before the start of the fifth cycle.

B. Proposals for UNDP cooperation

1. Preparatory process

29. The focus areas as well as the general orientation of the third intercountry programme have emerged from three main sources: (a) the priorities recommended by the mid-term review of the second intercountry programme held in October 1990, in Damascus, Syria; (b) the UNDP Governing Council thematic guidelines approved in June 1990; and (c) the series of seminars and intergovernmental meetings held in the region during late 1992 and 1993 with wide participation of development leaders from the region, Resident Representatives and high-level representatives of regional organizations and United Nations agencies.

30. Several of the mid-term review recommendations were addressed in projects formulated and approved during the 1991-1993 period. These projects covered the areas of food security, water supply, environment, communication, information technology and strengthening of regional and subregional organizations. Activities to focus UNDP interventions in the new areas suggested by the mid-term review, namely trade and energy, were initiated in 1991.

31. The draft third intercountry programme was presented to Governments, Arab and United Nations specialized agencies and intergovernmental bodies at the Intergovernmental Meeting in Sana'a, Yemen, 14-15 December 1993, and was endorsed.

2. Strategy for UNDP cooperation

32. The third intercountry programme strategy will draw heavily on the lessons learned from the performance of the second intercountry programme, UNDP guidelines (especially capacity-building), and recommendations of intergovernmental meetings and regional seminars held to discuss intercountry

programme areas of concentration. The main features of the strategy are the following:

(a) The programme approach will be used instead of individual projects. All activities of the programme will be consistent with stated objectives;

(b) Sustainability will figure highly in the planning and design of each programme;

(c) Each programme will be open to all contributing countries of the region;

(d) Four cross-cutting themes will be common to all three programmes, namely, management to optimize resources, human resources development, technology evaluation and TCDC methodologies to maximize exchange of experiences;

(e) The new initiatives will use cost-sharing mechanisms. Although one-to-one dollar cost-sharing will be considered as a minimum, countries' payment capacities will be taken into consideration, particularly in the case of least developed countries. The possibility of using local currencies for cost-sharing contributions will also be explored on a case-by-case basis.

33. The third intercountry programme will concentrate on supporting three new initiatives which have wide support in the region, namely, sustainable human development, economic integration and trade and sustainable energy. The initiatives are judged to have good potential for integration with national programmes and for making an impact on the quality of life and the economic well-being of the region.

34. In view of the scarcity of resources, it is becoming more challenging than ever to: (a) screen the list of priority areas that can be supported; (b) sharpen the focus of those chosen for support; and (c) maximize the efficiency of allocated resources.

3. Proposed UNDP cooperation in selected areas of concentration

The ongoing programme

35. The ongoing projects from the second intercountry programme will constitute a major component of the third. These total 21 projects in 8 areas, with approved 1994-1996 budgets of about $14,612,000 (29.3 per cent in food security, 25.4 per cent in environment, 25.1 per cent in information technology and 11.8 per cent in water supply).

36. Activities in the food security area include a variety of projects geared towards improvement of important crops (barley, wheat, sorghum and millet, legumes, oilseeds and fruits), the control of major diseases (affecting cereals and fruit crops) and range management. During the third intercountry programme, efforts will be devoted to promoting national and regional commitment to sustain

the activities of these projects through strengthening networking and incorporating the results in national programmes.

37. Environmental protection and concerns for sustainability in the Arab region have assumed increased importance in recent years. The most important initiative launched in the last few years is the joint UNDP/AFESD support to the Centre for Environment and Development in the Arab Region and Europe (CEDARE), which is expected ultimately to become the focal institution on environment and sustainable development in the Arab region and Europe and act as a catalyst in capacity-building. Freshwater resources, land resources development and urbanization and human settlements will constitute the priority areas of focus of the Centre.

38. CEDARE activities, which are expected to gain momentum during the implementation of the third intercountry programme, will enable it to perform its key mission of providing catalytic support in the identification of policy options, new approaches and techniques for environmentally sustainable development; promoting intercountry cooperation and exchange of experience and information, notably with the Mediterranean Environmental Technical Assistance Programme (METAP); and strengthening collaborative links with institutions in the Arab region and Europe.

39. In the water sector, increased attention will be given to the two ongoing projects which aim to establish and institutionalize cooperative networks among the participating countries in water management technologies, supplementary irrigation and improvement of water management at the farm level, the assessment of water resources, research, introduction and dissemination of water-saving technologies and human resources development. Special consideration will be given to linkages with national priorities and programmes and with such regional projects as CEDARE and METAP.

40. Since its inception, RITSEC has been endeavouring to develop appropriate infrastructure and programmes to facilitate the acquisition and transfer of knowledge in information technology (Arabic graphic user interface, decision support systems, executive information systems and training materials). With further human resources development and the finalization of the regional communication networks, increased linkages are foreseen with country institutions and focal points to develop an approach for long-term sustainability.

41. These and other ongoing projects will be reviewed with a view to strengthening linkages with country activities, consolidating networks and enhancing sustainability and promoting the role of women.

The new programme

42. Sustainable human development. In all countries of the region, social and economic development plans have been launched periodically to improve the standard of living and quality of life. However, the results of these plans have not always been consistent with the stated objectives. From this point of view, the human development approach articulated by the UNDP Human Development Report proved of interest to several Governments in the region as a useful tool

for analysing and focusing development on people. Almost all country programmes in the region contain activities that aim to introduce the human development approach in national planning or in the implementation of programmes and projects that have a direct impact on various aspects of human development.

43. Some Arab countries have moved to expand parliamentary bodies and multi-party elections, which have also served to increase people's participation in the development process. In other countries, traditional channels of consultations and consensus-building continue to be accessible to citizens. The evolution of these institutions has taken place in the historical, socio-economic and cultural context of each country and in the region as a whole.

44. Building on this, the proposed programme will focus on building national capacity to plan, manage and measure progress in sustainable human development. The following activities will form part of the programme:

(a) Strengthening the management and advocacy capacities of regional institutions and NGOs in addressing human development needs in a way that is environmentally sustainable;

(b) Preparing a human development report for the Arab region, in collaboration with United Nations and Arab regional organizations, which places emphasis on the role of women and the involvement of civil society in development and which is based on accurate data that reflect the special characteristics of the region and all the dimensions of sustainability. The report will address methods and approaches to measure human development and its sustainability more effectively, taking into account socio-economic, cultural, institutional and environmental dimensions;

(c) Promoting a regional initiative on governance to strengthen the foundations of the institutions of good government and civil society. This will be done by building regional capacity to: gather and share experiences and information; initiate a regional dialogue among interested Governments, parliamentarians, civil society and institutions on strategies and means of improved governance; develop a network of civil institutions for such activities as common research initiatives; and train people and staff of civil institutions in such areas as organization of elections, responsibilities of civil societies, participatory human development and building civic institutions;

(d) Supporting Governments through regional training workshops and seminars in incorporating human development approaches and dimensions in planning.

45. The programme, on a cost-sharing basis, will support a number of NGOs and independent research institutions in laying down the foundations for networking and developing leadership to meet the above goals. The programme will also use an internationally recognized information and news service that has experience in information sharing and training to assist in establishing a sustainable information network.

46. The overall impact resulting from the programme will be to increase the consistency between plans and strategies for economic development and growth with improvements in all aspects of human development.

47. An additional $1 million is expected to be mobilized in support of the human development programme.

48. The third intercountry programme will provide $325,000 in the form of training opportunities and networking to the Arab Women Centre for Research and Training, recently established in Tunisia, to which parallel funding of $2.7 million has been committed by the Arab Gulf Programme for the United Nations Development Organizations, the United Nations Population Fund and the International Planned Parenthood Federation.

49. Economic integration and trade. Intra-Arab trade constitutes 8 per cent of the region's trade, at best. Nevertheless, the process of trade expansion and economic integration in the region can accelerate, given:

(a) The existence of subregional groups such as the AMU and Gulf Cooperation Council;

(b) The viable and expanding role that certain pan-Arab institutions such as the AMF and ATFP have assumed to assist the region's economic integration;

(c) The relatively free movement of capital and labour (skilled and unskilled) among Arab countries;

(d) The relatively large number of multinational enterprises that have been established through joint ventures by Arab countries;

(e) The realization that expanding intra-Arab trade is a logical extension of the new market-oriented economic policies that many Arab countries have adopted;

(f) The emergence of economic groupings on the global scene;

(g) The expansion of the production base of Arab exports and export facilities other than oil and gas;

(h) The movement towards the adoption of policies and measures to liberalize trade, remove trade barriers (tariff and non-tariff) and establish free zones; and

(i) Economic reform packages being implemented in several countries that include freer movement of currencies, promotion of foreign investment and incentives for exports.

50. Altogether, this has led to a universal agreement among Arab countries that trade expansion in the framework of economic integration is fundamental to the effective mobilization of the potential resources of the region for the promotion of economic development and integration. Also foreseen is the eventual convergence of the subregional groupings, and the region as a whole,

into the Arab common market established by the Arab Economic Unity Council in 1984.

51. The proposed trade programme will focus on the improvement of overall capacity in the region to promote Arab trade within the framework of economic integration. Support will be provided for the elaboration of comprehensive economic and trade cooperation strategies which will take into account international and regional developments, including the impact of the Uruguay Round on trade activities in the Arab region. The programme will focus on:

(a) Trade information services: the development of systems/methodologies for the collection, storage and dissemination of trade information; the strengthening of the Intra-Arab Trade Information Network (IATIN) established by the ATFP; support to similar mechanisms at the national level; and the linking of IATIN with international trade centres, United Nations Conference on Trade and Development (UNCTAD) trade points in various Arab countries and other trade information programmes;

(b) Trade policy: formulation of appropriate mechanisms for trade liberalization aimed at the removal of tariff and non-tariff barriers;

(c) Trade promotion: organization and implementation of workshops, meetings, exhibitions and trade fairs for special groups of buyers, sellers and export service officials; missions to explore trade opportunities; and studies to asses market environment, examine trade barriers and identify trade experiences. The Automated System for Customs Data will be arabized with financial support from the Islamic Development Bank;

(d) Human resources development: development of a strategy and framework for human resources development in trade; organization and execution of training in export support services; and structural seminars for exchange of experiences using the TCDC modality; and

(e) Trade finance: support to financial resource mobilization activities to expand intra-Arab trade; and organization of structured meetings between potential financing institutions and recipient parties to discuss mechanisms, approaches and interregional experiences in trade finance.

52. The expected results are: increased volume of inter/intra-Arab trade, greater accessibility to trade financing, improved performance of national trade promotion units and creation of a cadre of trainers in trade promotion, financing and information.

53. UNDP will also assist the Maghreb countries, through the AMU Secretariat, in their efforts to promote social and economic integration and build capacity for individual and collective self-reliance. More specifically, the project aims to support the structuring of the AMU Secretariat and the establishement of an information system and to contribute to the preparation of priority studies in the areas of trade and tariff incentives for investments.

54. Sustainable energy. The mid-term review of the second intercountry programme confirmed energy as an emerging issue for the 1990s in the Arab region. Results of follow-up expert missions fielded in early 1992 to survey problems of energy utilization and the intergovernmental meeting held in October 1992 in Cairo on domestic energy policy and management, together with extensive expert consultations in the region, have reaffirmed the need for UNDP intervention to assist in this important area. A number of factors provide timely opportunity for interaction:

(a) Policies of energy subsidies need to be re-examined and knowledge on formulating policies and measures that may direct subsidies to more efficient energy utilization patterns is required;

(b) Increase of energy consumption is not positively linked to economic growth;

(c) A wide range of technologies has been introduced in such areas as water supply and desalination. Energy saving and management of energy budgets and exchange of experience in these areas are urgently needed;

(d) Information systems and energy planning systems have been developed with various degrees of success. Review and exchange of experience in these areas have apparent advantages;

(e) The development of ways and means to promote public awareness is a venture that is beneficial to all countries in the region;

(f) Power interconnection between neighbouring countries has already started and more is planned. Opportunities for more interconnections require further studies in light of existing experiences;

(g) Human resources in energy management have been developed with varied capacities, an area in which regional cooperation could be pursued.

55. The proposed sustainable energy programme will organize and implement an integrated package of activities to address opportunities and the needs outlined above. The overall objective of the programme is the optimization of energy use in the Arab region in an environmentally sustainable manner. Activities of the programme will include formulation of energy policies relevant to the region, capacity-building in energy management, demand-side management, environmental energy regulations and standards, introduction of energy saving technologies and development of public awareness programmes consistent with the region's needs.

56. The provision of energy to poor and rural areas, especially electricity, as an instrument for the enhancement of human development will be given priority. In this context, successful experiences in the use of non-conventional schemes in other parts of the world will be studied and supported as appropriate.

57. It is expected that the programme will have a positive impact on improving energy regulations, standards and management practices and in the introduction of energy-saving measures at the household and productive enterprise levels.

Complementary assistance

58. UNDP will initiate a $6 million programme financed jointly and equally by AFESD and UNDP/Capacity 21 for capacity-building in the sectors of energy, water supply and municipal solid waste management, which will be complementary to the existing programme in water supply, environment and the proposed energy programme. The programme will support formulation and implementation of plans and strategies for the water supply and energy sectors, strengthen environmental management and develop human resources. The programme will take into account, at the formulation stage, the fact that Capacity 21 deals with national and cross-sectoral capacity-building, which should be clearly linked to the inter-country programme areas.

59. A Regional Global Environment Facility (GEF)-funded project ($2.5 million) will build capacity to respond to the challenges and opportunities presented by the Framework Convention on Climate Change through the Green House Gases inventory assessment, establishment of policy dialogue, evaluation of technological options, investigation of climate change impact and analysis and adaptation of opportunities. Although the project will focus initially on four Maghreb countries, it will seek to mobilize funding and then expand its activities to other Mashreq and Gulf states. Two other regional GEF pipeline initiatives ($3 million) are foreseen, as part of the first two tranches of the GEF operational phase, for plant genetic resource conservation and climate change issues.

C. Assistance outside the selected areas of concentration

60. Resources amounting to $770,000 from the SPR category B.5, Transfer and adaptation of technology for development, will be made available to support two projects covering middle-income and least developed countries, respectively.

61. Some Arab countries have reached appreciable levels of software engineering and computer mediated design which have yet to be put to use in a fuller range of productive enterprises in both the private and public sectors. A project will be designed to enable these countries to take advantage of the latest techniques in automated manufacturing (for plant design, tooling, manufacturing, verification, testing, operations, maintenance and product distribution) which will complement efforts in their search for new product lines and markets.

62. New modes of grain warehousing and preservation developed in Europe (minimal investment in site preparation and erection, portability and versatility, environmental soundness, use of various sources of energy) have shown significant advantages over conventional storage methods. It is proposed that a project be developed for Arab least developed countries to demonstrate the feasibility of this mode and disseminate the technology through pilot operations.

63. In the labour sector, an SPR-funded project will be implemented with the aim of enhancing the capacity of labour-exporting countries in the Arab region to draw up sound migration policies, maximize gains from labour migration and provide adequate protection to migrant workers and their families (particularly

women and children). AGFUND will contribute $200,000 to the project through parallel financing.

64. It is also expected that UNDP will mobilize an additional $300,000 from other SPRs (for women in development, TCDC, etc.) in support of the third intercountry programme.

D. Implementation and management arrangements

65. The ongoing activities carried over from the second intercountry programme and supported by the fifth cycle regional IPF will continue to be implemented as before. However, projects in the water supply and food security sectors will be re-examined/reoriented (through cluster evaluations with the aim of consolidation and reorientation as appropriate). Likewise the three ongoing TCDC projects will require re-examination to assess their impact and to refocus their activities in the areas of concentration of the third intercountry programme.

66. The three new areas of concentration will be implemented using the programme approach under an integrated umbrella project instead of individual projects, carried out to the extent feasible by regional institutions. The national execution modality (execution by regional or intergovernmental organizations) will be preferred.

67. The programmes will be formulated in full consultation with Governments, United Nations and Arab specialized agencies and the Resident Representatives, taking into account gender and environmental dimensions and the role of NGOs. The programmes will be reviewed annually by steering committees representing Governments, donor agencies, NGOs and technical agencies. A programme evaluation will be conducted at mid-point of implementation. The ongoing projects will be evaluated in clusters according to sectors.

68. The programmes will involve groups outside the public sector (including, inter alia, private sector groups, consumers, producers, women's organizations, NGOs and regional and subregional organizations) in programme development, review and evaluation.

69. Sufficient quantified data on project beneficiaries by gender, income level and rural-urban distribution and environmental dimensions will be incorporated in the programme design.

70. It will be recommended to the host countries of programmes/projects to make a cost-sharing contribution either in dollars or in local currencies. Other participating countries will be required to provide financial resources for regional projects in which they participate or devote a certain percentage of their national IPFs for intercountry programme activities in order to ensure better linkages with national programmes and to move away from the tendency to consider regional funds as an "additionality". This will ensure that the programme is demand-driven and linked to national priorities.

71. Procedures and/or mechanisms will be formulated to continue activities (as appropriate) for a period of five years beyond the termination date of projects. Such mechanisms will be described in project documents.

72. The role of the Principal Project Resident Representative will be fully operationalized. This will be carried out in conjunction with the decentralization of the intercountry programme. Coupled with effective networking, this will give participating national institutions control over the management of the programmes and projects, as well as the use of resources, and will strengthen the decentralization process.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

	(Thousands of dollars)	
Carry-over from fourth cycle IPF	6 969	
Fifth cycle IPF	30 986	
1992 actual expenditure	(8 359)	
1993 estimated expenditures	(6 329)	
Subtotal IPF		23 267
Project cost-sharing (Government)	100	
Project cost-sharing (third party)	8 700	
Programme cost-sharing	-	
Subtotal cost-sharing		8 800
TOTAL		32 067

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	IPF	Cost-sharing	Total	Percentage of total resources
Ongoing programme	11 233	3 500	14 733	46.0
Sustainable human development	1 000	1 000	2 000	6.2
Economic integration and trade	1 300	1 300	2 600	8.1
Sustainable energy	1 000	3 000 a/	4 000	12.5
Other areas	488	-	488	1.5
Subtotal	15 021	8 800	23 821	74.3
Unprogrammed reserve	8 246 b/	-	8 246	25.7
TOTAL	23 267	8 800	32 067	100.0

a/ As of end of November 1993.

b/ Representing an unprogrammed reserve of 25.7 per cent of fifth cycle IPF.

/...

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds	
SPR	4 070
UNCDF	-
UNSO	-
UNIFEM	-
UNRFNRE	-
UNFSTD	-
GEF	5 500
Subtotal	9 570
B. Other United Nations resources	
JCGP participating agencies	-
UNFPA	850
UNICEF	-
WFP	-
IFAD	-
Other United Nations agencies (non-UNDP financed)	-
Subtotal	850
Total non-core and other United Nations resources	10 420
C. Non-United Nations resources	1 850
TOTAL	12 270

Annex II

PROGRAMME MATRIX a/

	Area of concentration	Area of focus					
		Poverty eradication and grass-roots participation in development	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I.	ONGOING PROGRAMME						
	Food security	*	*		*	*	*
	Water resources management	*	*		*	*	*
	Information technology				*	*	
	Environment	*	*		*	*	*
II.	SUSTAINABLE HUMAN DEVELOPMENT						
	Management and advocacy HDR for the Arab region	*		*			
	Governance and civil society networking	*		*			
III.	ECONOMIC INTEGRATION AND TRADE						
	Trade information			*	*		
	Trade liberalization policies			*	*		
	Trade promotion			*	*		
	Human resources development			*	*		*
	Trade finance			*	*		
IV.	SUSTAINABLE ENERGY						
	Energy policies	*	*	*	*		
	Demand-side management techniques	*		*			
	Energy efficiency	*	*			*	

a/ Asterisks indicate major linkage only.